BUDGET RESOLUTION/Clinton Budget Proposal

SUBJECT: **Senate Concurrent Budget Resolution for fiscal years 2000-2009 . . . S.Con. Res. 20. Lautenberg motion to table the Bond substitute amendment 151.**

ACTION: MOTION TO TABLE AGREED TO, 97-2

SYNOPSIS: As reported, S.Con. Res. 20, the Senate Concurrent Budget Resolution for fiscal years 2000-2009: will cut the debt held by the public (money that the Federal Government owes to creditors other than itself) in half over 10 years; will fully fund Medicare (all of the President's proposed $9 billion in Medicare cuts were rejected; as a result, this budget will allow $20.4 billion more in Medicare spending over the next 10 years); will save the entire $1.8 trillion in Social Security surpluses over the next 10 years for Social Security; will provide for $778 billion in net tax relief over the next 10 years (in contrast, the President's budget would increase the tax burden by $96 billion net over 10 years), and will adhere to the spending restraints (discretionary spending caps and pay-go provisions) of the bipartisan budget agreement as enacted in the Balanced Budget Act of 1997 and the Taxpayer Reform Act of 1997 (the President's proposed budget, in contrast, would dramatically increase spending in violation of that bipartisan agreement, and would result in $2.2 trillion more in total Federal debt at the end of 10 years than proposed in this Senate budget).

The Bond substitute amendment would strike the provisions of the Senate budget and would insert in lieu thereof the President's proposed budget (Senator Bond offered the amendment not out of any support for its provisions but to make Senators go on record by voting on it).The Clinton budget is based largely on a shell-game with Social Security funds. The President's budget would first assume that over 15 years the unified budget surplus (total receipts minus total spending, including Social Security receipts and spending) will be $4.5 trillion. His budget would spend $1.7 trillion of that total and would give the other $2.8 trillion of it to Social Security. Finally, it would claim Social Security's solvency would be extended, in addition to the $2.8 trillion, by an extra $29.9 trillion over 55 years due to interest payments on that $2.8 trillion. However, $2.3 trillion of the assumed $4.5 trillion surplus is based on a Social Security trustees' estimate that Social Security will have a $2.3 trillion surplus over the next 15 years. If the President spent $1.7 trillion of the surplus that was not from Social Security, he would have only $500 million over 15 years to give to Social

(See other side)

YEAS (97)

Republican (54 or 100%)

Abraham, Allard, Ashcroft, Bennett, Bond, Brownback, Bunning, Burns, Campbell, Chafee, Cochran, Collins, Coverdell, Craig, Crapo, DeWine, Domenici, Enzi, Fitzgerald, Frist, Gorton, Gramm, Grams, Grassley, Gregg, Hagel, Hatch, Helms, Hutchinson, Hutchison, Inhofe, Jeffords, Kyl, Lott, Mack, McCain, McConnell, Murkowski, Nickles, Roberts, Roth, Santorum, Sessions, Shelby, Smith, Bob, Smith, Gordon, Snowe, Specter, Stevens, Thomas, Thompson, Thurmond, Voinovich, Warner

Democrats (43 or 96%)

Akaka, Baucus, Bayh, Bingaman, Boxer, Breaux, Bryan, Byrd, Cleland, Conrad, Daschle, Dodd, Dorgan, Durbin, Edwards, Feingold, Feinstein, Graham, Harkin, Hollings, Inouye, Johnson, Kennedy, Kerrey, Kerry, Kohl, Landrieu, Lautenberg, Leahy, Levin, Lieberman, Lincoln, Mikulski, Moynihan, Murray, Reed, Reid, Robb, Rockefeller, Sarbanes, Torricelli, Wellstone, Wyden

NAYS (2)

Republicans (0 or 0%)

Democrats (2 or 4%)

Biden, Schumer

NOT VOTING (1)

Republicans (1)

Lugar-[4]

Democrats (0)

EXPLANATION OF ABSENCE:

1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:

AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

Security. Giving money to Social Security that came from Social Security would just result in money being double-counted, and counting interest on top of that double-counted money would result in triple-counting. When Social Security runs a surplus, it purchases, by law, Federal Treasury notes, and the surplus money goes to the general fund of the Treasury. The President has thus proposed taking money that has come from Social Security surpluses and giving it to Social Security, which would require Social Security to buy more Treasury notes and would send the same money back to the general fund. No reforms would be made to the Social Security program--it would still be actuarially unsound. Payments would still begin to exceed receipts in 2013, and the annual deficit in the program would still grow exponentially. Following the President's logic, the Federal Government could increase the Social Security trust fund to any astronomical level by giving it the same money over and over again, because each time it gave it the money it would increase its trust fund by buying more Treasury notes and the money would go back to the general fund. The President's budget would make a similar intergovernmental transfer by giving the Medicare Part A trust fund $700 million, which it would have to use to buy Treasury notes, thereby increasing its Treasury note reserves, and the money would end up back in the general fund of the Treasury. Other provisions of the President's budget include the following:

- by Congressional Budget Office (CBO) estimates, it would spend $40 billion of the Social Security surplus on non-Social Security programs in FY 2000 and would spend $158 billion of that surplus on such programs over 5 years;
- by CBO estimates, it would reduce the overall surplus by $436 billion over 5 years and by $1.168 trillion over 10 years;
- by Joint Tax Committee (JTC) estimates, it would raise taxes by $96 billion net over 10 years;
- by CBO estimates, it would result in the Federal Government owing $432 billion more over 5 years and $1.115 trillion over 10 years to non-Federal creditors than it would owe if no changes to current tax and spending policies were made; and
- according to the CBO, it would break the on-budget spending caps by $22 billion in budget authority in FY 2000 alone.

Those favoring the motion to table contended:

During this debate, many of our more liberal colleagues have said how wonderful they believe that the President's priorities are. They have been willing to defend his priorities as long as they have been discussed in general terms. Interestingly, they have not been willing to move from the general to the specific. They have not defended the President's proposed budget, which contains the President's specific plans to implement his policies. We understand their reticence. That proposal suggests that we ought to raid Social Security and play a shell game with its funding to pretend that we fixed it, that we ought to go on a new spending spree in excess of the spending caps, and, at a time when Americans are paying the highest percentage of their incomes in taxes ever and when the country will be running record, enormous surpluses, we ought to increase the tax burden instead of providing tax relief. The President's budget is recklessly irresponsible. Both Social Security and Medicare face long-term solvency problems. The longer we wait to make reforms, the more costly they will have to be to fix those problems, and the more unlikely it will be that we will be able to fix them. We have a golden opportunity right now, due to the budget surpluses we are going to run for the next decade, to fix both programs. Instead, the President has asked for more taxes, more spending, and more debt. His supposed solution for Social Security is especially offensive. It is nothing but a bookkeeping gimmick--in effect, his proposal is like taking an eraser and wiping out the number that the Federal Government owes to that program and writing in a lot bigger number, claiming the program is fixed, and then spending the money that should have been saved for Social Security on a broad range of unrelated purposes. The President's proposed solution for Medicare is also unacceptable. That proposal would cut Medicare benefits by $19 billion and would spend $10 billion of the savings on unrelated programs. It would also extend Medicare's solvency by supposedly adding money to the Part A trust fund (a trust fund cannot hold money--it only holds Treasury notes that must someday be redeemed with real money from taxes or borrowing), but it would not make any reforms to the program to address changing demographics and rapidly increasing costs. The President established a bipartisan commission on Medicare that came up with a comprehensive reform plan that would permanently fix it. Unfortunately, the President decided to oppose that plan, and most Democratic Senators (though not all) obediently followed his lead. We do not think, however, that most Democratic Senators will be willing to follow the President's lead by supporting his dishonest budget. The Bond amendment contains that dishonest budget. It should be rejected.

While favoring the motion to table, some Senators expressed the following reservations:

Our Republican colleagues are just playing partisan games by offering this amendment. They obviously do not support it, and they hope to embarrass Democrats because they know most of us will vote in favor of tabling it as well. However, most of us have a far different view of the President's budget than do our Republican colleagues. We frankly support many of the President's proposals. For instance, the President has proposed adding enough money from the surplus to Medicare's trust fund to extend the solvency of Medicare by 12 years, to 2020. It is true that just adding money is not all the reform that Medicare needs, but it is a huge help and it is a very good use for part of the surplus. Overall, as in any budget, though, there are some provisions that we do not support. Voting for the President's budget without any opportunity for offering amendments would imply that we endorse all of its provisions. We do not, and on that basis we support the motion to table.

No arguments were expressed in opposition to the motion to table.